

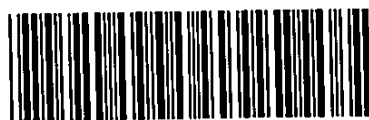
**R Stratton (Knutsford) Limited**

Directors' report and financial statements

Registered number 3493567

For the year ended 31 December 2010

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## **Directors' report**

The directors present their annual report, together with the financial statements and auditor's report, for the year ended 31 December 2010

### **Principal activity and business review**

The company is now dormant and did not trade during the current or previous year

### **Results and dividends**

The company's result before tax for the year was £Nil (2009 £Nil ) Further details with regard to the trading results for the year and the amount transferred to reserves are set out on page 5

An interim dividend of £2,655,290 (2009 £Nil) was paid during the year, the directors do not recommend the payment of a final dividend (2009 £Nil)

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent retailers and employee retention

Further discussion of these risks and uncertainties, in the context of the Sytner Group as a whole, is provided in the directors' report for Sytner Group Limited, which does not form part of this report

### **Key performance indicators**

The company is part of the Sytner Group The development, performance and position of the group, which includes this company, is provided in the directors' report for Sytner Group Limited, which does not form part of this report

### **Directors**

The directors who served during the year and subsequently are shown below

LEW Vaughan  
JR Mallett  
GE Nieuwenhuys  
RH Kurnick (US citizen)  
G Page-Morris  
M Carpenter (resigned 23 September 2010)

**Directors' report** *(continued)*

**Disclosure of information to auditors**

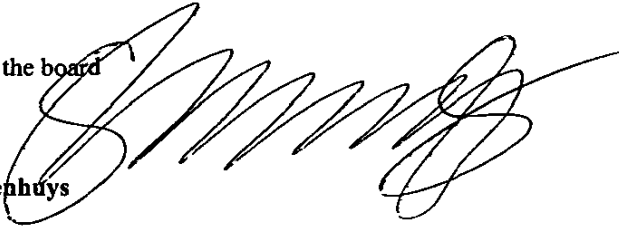
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will, therefore, continue in office

By order of the board

**GE Nieuwenhuys**  
*Director*

A large, stylized handwritten signature in black ink, likely belonging to GE Nieuwenhuys, is written over the text 'By order of the board' and extends to the right.

2 Penman Way  
Grove Park  
Leicester  
Leicestershire  
LE19 1ST

30 September 2011

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of R Stratton (Knutsford) Limited**

We have audited the financial statements of R Stratton (Knutsford) Limited for the year ended 31 December 2010 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its result for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**JD Leech (Senior Statutory Auditor)**

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

One Snow Hill

Snow Hill Queensway

Birmingham

B4 6GH

30 September 2011

**Profit and loss account**  
*for the year ended 31 December 2010*

	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
<b>Profit/(loss) on ordinary activities before taxation</b>		-	-
Tax on profit/(loss) on ordinary activities	4	-	(16)
<b>Profit/(loss) for the financial year</b>		-	(16)

In each year, there were no recognised gains and losses other than the profit/(loss) for the year

The results for the year are wholly attributable to the discontinued operations of the company

In each year there are no material differences between the retained profit/(loss) and the historical cost equivalent

Notes from pages 7 to 12 form part of the financial statements

**Balance sheet**  
*at 31 December 2010*

	<i>Note</i>	<b>2010</b> <b>£000</b>	<b>£000</b>	<b>2009</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Intangible assets	6	-	-	-	-
Investments	7	-	-	-	-
			-		-
<b>Current assets</b>					
Debtors	8	-		2,663	
		-		2,663	
<b>Creditors: amounts falling due within one year</b>	9	-		(8)	
<b>Net current assets/(liabilities)</b>			-		2,655
<b>Total assets less current liabilities</b>			-		2,655
<b>Provisions for liabilities and charges</b>	10		-		-
<b>Net assets</b>			-		2,655
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Share Premium	13		-		-
Capital redemption reserve	13		-		-
Profit and loss account	12		-		2,655
<b>Total equity shareholders' funds</b>	13		-		2,655

These financial statements were approved by the board of directors on 30 September 2011 and were signed on its behalf by

  
**GE Nieuwenhuys**  
Director

Registered number 3493567

Notes from pages 7 to 12 form part of the financial statements



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They are prepared on a going concern basis, notwithstanding the deficiency of net current assets shown in the balance sheet, as the directors have received an assurance of continuing financial support from Sytner Group Limited.

#### *Going Concern*

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on page 1. The company has considerable financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Turnover*

Turnover, which arises wholly in the United Kingdom from the company's principal activity, being that of the operation of motor dealerships, is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

Turnover is recognised in most cases on despatch of vehicles and parts and after service work is completed. In some instances, a customer may pay in full for the vehicle and accept responsibility for it but request that the company retains possession of the vehicle for delivery at a specified later date. Turnover is recognised on these transactions at the point of payment as the company believes that the risks and rewards of ownership have transferred.

#### *Cash flow statement*

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Sytner Group Limited which includes the company in its own consolidated financial statements which are publicly available.

#### *Investment in subsidiaries*

Shares in subsidiary companies are stated at cost less any provision for impairment.

#### *Acquisitions*

Acquisitions are accounted for under the acquisition accounting method. The results of businesses acquired are consolidated for the period from the date on which control passed.

Goodwill, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is amortised on a straight line basis over a period up to 20 years. Provision is made for any impairment.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	-	50 years
Short leasehold land and buildings	-	over lease term
Fixtures and equipment and motor vehicles	-	between 3 and 10 years
Courtesy Vehicles	-	4 years

Residual value is calculated on prices prevailing at the date of acquisition.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on purchase price less trade discounts. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Pension costs*

A number of employees are members of the Sytner Group Pension Plan, a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### *Leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rental payments are apportioned between the finance element which is charged to the profit and loss account and the capital element which reduces outstanding lease obligations.

#### *Foreign currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

### 2 Notes to the profit and loss account

The audit fee for the current and prior year has been borne on this company's behalf by another group company, for which no recharge has been made.

Amounts receivable by the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent UAG UK Holdings Limited.

### 3 Staff costs

#### *Directors' remuneration*

The directors who served during the year are all directors of an intermediate parent company, Sytner Group Limited and are remunerated by that company, with the exception of RH Kurnick who is remunerated by Penske Automotive Group, Inc., a company registered in Michigan, USA. It is not practicable to allocate their remuneration to individual companies in the group. The remuneration has, therefore, been disclosed in the financial statements of Sytner Group Limited, with the exception of RH Kurnick, which is disclosed in the financial statements of Penske Automotive Group, Inc. The same is true for the prior year.

## Notes (continued)

### 4 Taxation

#### Analysis of charge/(credit) in year

	2010 £000	2009 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	16
Adjustment in respect of previous years	-	-
Total current tax	-	16
<i>Deferred tax (see note 10)</i>		
Origination/reversal of timing differences	-	-
Effect of change in tax rate	-	-
Adjustment in respect of previous years	-	-
Total deferred tax	-	-
Tax on profit/(loss) on ordinary activities	-	16

#### Factors affecting the tax charge/(credit) for the current year

The current tax charge/(credit) for the year is the same as (2009 higher than) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before taxation	-	-
Current tax at 28% (2009 28%)	-	-
<i>Effects of</i>		
Tax deductible capitalised costs	-	-
Expenses not deductible for tax purposes	-	16
Non-deductible goodwill	-	-
Capital allowances in excess of depreciation	-	-
Difference between accounts profit and taxable profits on capital asset disposals	-	-
Accounting depreciation for which no relief due	-	-
Short term timing differences	-	-
Utilisation of tax losses	-	-
Other timing differences	-	-
Adjustment in respect of prior year	-	-
Total current tax charge/(credit) (see above)	-	16

#### Factors that may affect future current and total tax charges

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantially enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantially enacted on 29 March 2011 and 5 July 2011 respectively.

This will reduce the company's future current tax charge accordingly. It has not been possible to quantify the anticipated effect of the further 4% rate reduction.

**Notes (continued)**

**5 Dividends paid on equity shares**

	2010 £000	2009 £000
Interim dividend paid	2,655	-

**6 Intangible fixed assets**

	Goodwill £000
<i>Cost</i>	
At beginning of year	-
Acquisition (note 1)	-
Disposal	-
Transfer	-
At end of year	-
<i>Amortisation</i>	
At beginning of year	-
Charge for the year	-
Impairment loss	-
Disposal	-
Transfer	-
At end of year	-
<i>Net book value</i>	
At 31 December 2010	-
At 31 December 2009	-

**7 Investments**

	£000
<i>Cost and net book value</i>	
At beginning and end of year	-

**8 Debtors**

	2010 £000	2009 £000
Amounts owed by group undertakings	-	2,663
Other debtors	-	-
Deferred tax asset (note 10)	-	-
Corporation tax receivable	-	-
	-	2,663

**9 Creditors' amounts falling due within one year**

	2010 £000	2009 £000
Shares classified as liabilities	-	-
Amounts owed to group undertakings	-	-
Corporation tax payable	-	8
	-	8

Amounts owed to group undertakings are interest free and do not have a fixed repayment date

**Notes (continued)**

**10 Provisions for liabilities and charges**

The provision for liabilities and charges comprise deferred tax as follows

	2010 £000	2009 £000
Accelerated capital allowances	-	-
Other timing differences	-	-
Deferred tax liability	-	-

There is no unprovided deferred tax at either the current year end or preceding year end

Movements on the provision for deferred tax are analysed below

	£000	£000
Balance at beginning of year	-	-
Charged/(credited) to profit and loss account (note 4)	-	-
Acquisitions	-	-
Transfer from another group undertaking	-	-
Balance at end of year	-	-

**11 Called up share capital**

	2010 £000	2009 £000
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	-	-

**12 Profit and loss account**

	2010 £000	2009 £000
Balance at beginning of year	2,655	2,671
Profit/(loss) for the financial year	-	(16)
Dividend paid	(2,655)	-
Balance at end of year	-	2,655

**13 Reconciliation of movements in shareholders' funds**

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit & Loss account £000	Total £000
At beginning of year	-	-	-	2,655	2,655
Profit/(loss) for the financial year	-	-	-	-	-
Dividend paid	-	-	-	(2,655)	(2,655)
At end of year	-	-	-	-	-

**Notes (continued)**

**14 Financial commitments**

*Capital commitments*

The company had no capital commitments at either this year end or the previous year end

*Contingent liabilities*

As at 31 December 2010 the gross borrowings outstanding under the Group's bank facilities in aggregate were £45,545,000 (2009 £51,509,000)

**15 Ultimate parent company and controlling party**

The company is a subsidiary undertaking of Penske Automotive Group, Inc, incorporated in Michigan, USA. Penske Automotive Group, Inc is also the largest group in which the results of the company are consolidated. The consolidated financial statements are available from 2555 Telegraph Road, Bloomfield Hills, Detroit, MI 48302-0954, USA.

The smallest group in which the results are consolidated is that headed by Sytner Group Limited incorporated in England and Wales. The consolidated financial statements are available to the public from the registrar of companies.

**16 Related party transactions**

The company entered into a number of transactions during the year with other companies within the above group. Under the provisions of FRS 8 no disclosure has been provided on the grounds that all companies within the group are 100% owned and the consolidated financial statements of the parent company are publicly available.